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Argentina

Citrus

Argentina Citrus Annual Report 1999

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Report Highlights:

Total citrus production in Argentina in 1999 is forecast to decrease slightly due to unfavorable weather. However, total citrus exports in 1999 is predicted to increase somewhat, based on an expected increase in lemon exports.

Includes PSD changes: Yes
Includes Trade Matrix: Yes
Annual Report
Buenos Aires [AR1], AR

Executive Summary	1
SECTION I. Situation and Outlook	1
Production - Fresh Lemons:	2
Production - Concentrated Lemon Juice:	2
Production - Orange	2
Production - Concentrated Orange Juice	3
Production - Tangerines	3
Production - Grapefruit	3
Citrus Exports	3
Citrus Consumption	4
SECTION II. Statistical Tables	7
Table 1. Lemon Supply and Distribution	7
Table 2. Lemon Exports	8
Table 3. Lemon Imports	9
Table 4. Concentrated Lemon Juice Supply and Distribution	10
Table 5. Export of Concentrated Lemon Juice	11
Table 6. Imports of Concentrated Lemon Juice	12
Table 7. Fresh Lemons FOB Prices	13
Table 8. Orange Supply and Distribution	14
Table 9. Concentrated Orange Juice Supply and Distribution	15
Table 10. Fresh Orange Exports	16
Table 11. Fresh Orange Imports	17
Table 13. Tangerines Supply and Distribution	19
Table 14. Fresh Tangerine Exports	20
Table 15. Fresh Tangerine Imports	21
Table 16. Fresh Tangerine FOB Prices	22
Table 17. Fresh Grapefruit Supply and Distribution	23
Table 18. Fresh Grapefruit Exports	24
Table 19. Fresh Grapefruit Imports	25
Table 20. Fresh Grapefruit FOB Prices	26
SECTION III. Narrative on Supply and Demand, Policy & Marketing	26
Policy	26
Marketing	26
Stocks	27

Executive Summary

Total Argentine citrus production in 1999 is forecast at 2.39 million tons, slightly down from the previous season, due primarily to unfavorable weather. Although 1999 citrus output is forecast to decrease, total citrus exports this season are expected to increase somewhat, reflecting an increase in fresh lemon exports. Total citrus consumption is also expected to decrease because of a smaller harvest.

SECTION I. Situation and Outlook

Argentina is self-sufficient in citrus production. Argentine citrus production during CY 1998 totaled a record high of 2.52 million metric tons, up seven percent from the previous year, due primarily to an increase of 18 and 9 percent, respectively, in lemons and oranges. During 1998, Argentina produced approximately 1.68 percent of the world citrus output and shipped about 2.36 percent of total world exports.

Total citrus output in 1999 is forecast at 2.39 million metric tons, down 5 percent from the 1998 season due to excessive rains for most of the citrus species. Although citrus output this season is forecast to decrease somewhat, total citrus exports in 1999 are expected to increase by 7 percent, reflecting an expected increase in lemon shipments. A slight decrease in total citrus consumption is predicted for 1999 as a consequence of an expected smaller supply.

Production - Fresh Lemons:

The principal citrus growing areas in Argentina are located in the northern part of the country in the provinces of Jujuy, Salta and Tucuman (similar to California) and in the northeastern areas such as Misiones, Corrientes, Entre Rios (similar to Florida).

Production of fresh lemons in Argentina is considered year round with harvesting taking place from April through September and the bulk of the harvest in June and July. Lemon production in 1999 is forecast at 1,050,000 metric tons, 2 percent higher than last year. This would be a record high despite the bumper harvest of 1998. Young plantings reaching bearing age are the main reason for the increase. Reportedly, every year in Tucuman more lemon trees are planted. Some producers are replacing old trees and others are buying new lands to dedicate to lemon plantings. However, yearly volume of new plantings and harvesting have not been quantified by any source. Moreover, larger lemon producers this season had more patience than ever, constantly using fertilizers and herbicides, because the unfavorable rainy weather washed out the chemical mixture from the fruit, and producers had to repeat the treatments as many times as necessary. The fresh fruit obtained from these growers is considered of very good quality.

Production - Concentrated Lemon Juice:

Fresh lemons delivered to processors in 1999 are forecast at 690,000 metric tons, down about 3 percent from the 1998 levels (712,000), because exporters are expecting to export more fresh fruit this year. The factor used in this report to convert fresh lemons to CLJ is 6 to 1. Concentrated lemon juice (400 GLP = 400 grams per liter of anhydrous citric acid) in 1999 is forecast at 38,000 metric tons, a drop of nearly 8 percent from the previous year. In spite of an expected reduced amount of fresh lemon delivered to processors, this decrease is also attributed to a lack of export demand due to low international prices.

Production - Orange

Although in 7 provinces of Argentina all species of citrus are grown, the most important province for oranges for the last couple of years has been and still is Entre Rios, with an estimated 18,158 hectares planted and a production of 477,774 metric tons, or 52 percent of the country's total orange output. The tendency of new orange plantings in this province is toward new varieties such as Newhall, Lane Late, Delta Seedless and

Midnight that can be marketed starting in June.

Total orange production in 1999 (harvested from April through December) is forecast at 780,000 metric tons, down nearly 15 percent from 1998, due to several factors: 1) unfavorable weather caused by el Nino, 2) the lack of good 1998 prices which resulted in decreasing cultural practices (fertilization, herbicides, pruning, etc.) to the minimum possible, and 3) soil deterioration (loss of fertility) and plant damage caused by improper aeration which resulted in reduction of buds and plant growth. These factors adversely affected the flowering stage of oranges in August and September of 1998, resulting in the smaller harvest expected for 1999. The quality of the fruit in general is considered good, with mixed sizes but a larger percentage of large (big) size.

Production - Concentrated Orange Juice

Production of concentrated orange juice (65 degrees brix) in 1999 is forecast at 10,000 metric tons, down sharply from the previous year. The reason for this decrease is that about 34 percent less of fresh oranges will be delivered to processors this year, due to an expected smaller orange harvest as result of unfavorable weather.

Production - Tangerines

Tangerine production in 1999 (harvested from April through November) is forecast at 340,000 metric tons, or 12 percent below the previous seasons due to excessive rains. Some of the reasons for a small harvest are the same as reported for oranges. Also the bad economic conditions that producers went through during the last two years due to low prices received for their fruits, resulted in inadequate treatments to the plants. Some of them were not fertilized or even pruned.

Production - Grapefruit

Grapefruit production in 1999 (harvest from April through November) is forecast to increase by 12 percent to 210,000 metric tons from the previous season. During the last two years the province suffered from excessive drought, but recent rains helped to recuperate the plants, especially the ones coming into production. Furthermore, this is the second year that more fruit plants are coming into production, thus the expected increase in this season's harvest. The quality and size of the fruit are considered good.

Citrus Exports

Fresh **lemon** exports are practically year round, but the bulk of exports start in May and end in September with the heaviest export flow in June and July. Fresh lemons in 1998 totaled 155,931 tons valued at US\$ 75.1 million. Lemon shipments in 1999 are predicted to increase by nearly 20 percent. Russia took 53 percent more lemons in 1998 versus 1997, and will continue to be an important market for Argentina. Taiwan has opened its market this year to Argentine lemons with a yearly quota of 1,000 metric tons. There are rumors that Hong-Kong and Singapore will buy more this year from Argentina, due to frosts in the United States. Nevertheless, The Netherlands is and will continue to be Argentina's principal market. Argentine lemon exporters are

awaiting with great expectation the opening of the U.S. market for fresh lemons. The current price paid to producers for lemons for processing is 35 dollars per ton, and the export price is currently 9.50 dollars for a box of 18 kilos, FOB Buenos Aires.

The marketing season for fresh **oranges** is from May through November with the export peak taking place during August and September. Exports of fresh oranges in 1998 reached 92,747 metric tons valued at US\$ 35.1 million. The Netherlands, United Kingdom and Spain were the main importers. Orange shipments in 1999 are estimated to drop by 3 percent, reflecting reduced supplies caused by unfavorable weather. Orange producers are currently receiving 30 dollars per ton for the fruit that is processed, and exporters are exporting at 7.00 - 8.00 dollars per box of 18 kilos, FOB Buenos Aires.

The exporting season for fresh **tangerines** begins in March and ends in September with the heaviest export peak in August. During CY 1998 Argentina exported 41,159 metric tons of fresh tangerines valued at US\$ 25.4 million. As usual the principal customers were The Netherlands, United Kingdom and Canada. Exports of tangerines in 1999 are forecast to decrease by 12 percent, due to excessive rains. Moreover, some of the tangerines are fluffy due to humidity.

Fresh **grapefruits** are shipped from May through September with the greatest volume taking place in June. During 1998 Argentina exported 28,135 metric tons of grapefruits valued at US\$ 12.6 million. The Netherlands and France were the main buyers. Grapefruits in 1999 are forecast at 30,000 metric tons.

All citrus exports that goes to the EU from Northeastern Argentina have to have a sticker in the pallets certifying that the fruits are free of canker disease.

Citrus Consumption

Estimated per capita consumption of fresh fruit (kg.) citrus juices and other beverages (lt.) during the last four years were as follows:

Specie	1996	1997	1998	1999
Lemon	4.7	3.4	4.5	4.7
Tangerines	7.6	10	8.4	7.8
Orange	14.7	17.9	18.5	15.7
Grapefruit	4.8	5.1	3.5	4.1
CLJuice	0.32	0.27	0.32	0.22
COJuice	0.46	0.3	0.51	0.44
Soft Drinks	59.1	64.9	68.1	N.A.
Wine	38.4	37.5	36.9	N.A.

Beer	29.4	30.5	29.5	N.A.
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Although Argentine consumers tend to prefer fresh fruits which they have traditionally eaten, tropical fruits such as kiwis, mangoes, etc. are slowly gaining consumer acceptance, partly due to curiosity as they are not so expensive and also because more people travel to exotic countries.

Monthly wholesale (weighted average) prices per kilo/dollar of citrus fruits for 1998 and January-May 1999 were as follows:

Specie	Lemon	Tangerine	Orange	Grapefruit
January	0.41	1.09	0.42	0.44
February	0.38	0.44	0.44	0.61
March	0.32	0.26	-0.56	0.51
April	0.3	0.24	0.45	0.31
May	0.28	0.19	0.29	0.26
June	0.28	0.17	0.27	0.25
July	0.26	0.2	0.26	0.32
August	0.26	0.27	0.24	0.31
September	0.25	0.28	0.22	0.36
October	0.29	0.32	0.13	0.42
November	0.38	0.47	0.25	0.53
December	0.37	0.55	0.37	0.62
1999				
January	0.48	1.22	0.36	0.53
February	0.29	0.38	0.49	0.56
March	0.34	0.4	0.52	0.61

SECTION II. Statistical Tables

Table 1. Lemon Supply and Distribution

PSD Table						
Country	Argentina					
Commodity	Fresh Lemons				(HECTARES)(1000 TREES)(1000 MT)	
	Revised	1997	Preliminary	1998	Forecast	1999
	Old	New	Old	New	Old	New
Market Year Begin		01/1996		01/1997		01/1998
Area Planted	31078	31078	31078	41571	0	43000
Area Harvested	28281	28281	28281	38500	0	38000
Bearing Trees	6784	6784	6784	9728	0	9728
Non-Bearing Trees	2797	2797	2797	3071	0	5000
TOTAL No. Of Trees	9581	9581	9581	12799	0	14728
Production	871	871	980	1025	0	1050
Imports	0	0	0	0	0	0
TOTAL SUPPLY	871	871	980	1025	0	1050
Exports	178	176	175	156	0	190
Fresh Dom. Consumption	116	116	116	157	0	170
Processing	577	579	689	712	0	690
TOTAL DISTRIBUTION	871	871	980	1025	0	1050

Table 2. Lemon Exports

Export Trade Matrix			
Country	Argentina		
Commodity	Fresh Lemons		
Time period	C.Y.	Units:	M. Tons
Exports for:	1997		1998
U.S.		U.S.	
Others		Others	
Netherlands	83,686	Netherlands	69,880
France	24,911	France	13,441
Spain	21,061	Spain	15,123
Russia	15,555	Russia	23,694
U.K.	12,183	U.K.	9,599
Canada	6,323	Canada	5,396
Greece	3,360	Belgium	1,679
British Territ.	2,107	Portugal	7,062
Arab Emirates	1,110	Yugoslavia	1,545
E.U.	2,080	British Territ.	1,200
Total for Others	172376		148619
Others not Listed	3,624		7,312
Grand Total	176000		155931

Table 3. Lemon Imports

Import Trade Matrix			
Country	Argentina		
Commodity	Fresh Lemons		
Time period	C.Y.	Units:	M. Tons
Imports for:	1997		1998
U.S.		U.S.	
Others		Others	
Uruguay	162	Uruguay	71
Chile	20	Chile	0
Cuba	12	Cuba	6
Spain	0	Spain	86
Total for Others	194		163
Others not Listed			
Grand Total	194		163

Table 4. Concentrated Lemon Juice Supply and Distribution

PSD Table						
Country	Argentina					
Commodity	Juice, Lemon				(MT)	
	Revised	1997	Preliminary	1998	Forecast	1999
	Old	New	Old	New	Old	New
Market Year Begin		01/1996		01/1997		01/1998
Deliv. To Processors	490000	689000	0	712000	0	690000
Beginning Stocks	219	1019	0	938	0	2928
Production	27800	33600	0	41250	0	38000
Imports	0	0	0	0	0	0
TOTAL SUPPLY	28019	34619	0	42188	0	40928
Exports	19000	24181	0	27822	0	29000
Domestic Consumption	8000	9500	0	11438	0	8000
Ending Stocks	1019	938	0	2928	0	3928
TOTAL DISTRIBUTION	28019	34619	0	42188	0	40928

Table 5. Export of Concentrated Lemon Juice

Export Trade Matrix			
Country	Argentina		
Commodity	Juice, Lemon		
Time period	C.Y.	Units:	M. Tons
Exports for:	1997		1998
U.S.	6,152	U.S.	7,346
Others		Others	
Netherlands	12,511	Netherlands	12,639
Japan	1,300	Japan	1,567
Spain	1,555	Spain	821
Israel	1,166	Israel	1570
Australia	374	Australia	1,570
U.K.	265	U.K.	238
Germany	232	Germany	1,145
Canada	148	Canada	690
S. Africa	140	Belgium	193
Total for Others	17691		20433
Others not Listed	338		43
Grand Total	24181		27822

Table 6. Imports of Concentrated Lemon Juice

Import Trade Matrix			
Country	Argentina		
Commodity	Juice, Lemon		
Time period	C.Y.	Units:	M. Tons
Imports for:	1997		1998
U.S.	2	U.S.	1
Others		Others	
Brazil	37	Chile	18
Mexico	26		
Uruguay	4		
Total for Others	67		18
Others not Listed			
Grand Total	69		19

Table 7. Fresh Lemons FOB Prices

Prices Table			
Country	Argentina		
Commodity	Fresh Lemons		
Prices in US\$	FOB	per uom	boxes
Year	1998	1999	% Change
Jan	10	10	0.00%
Feb	10	10	0.00%
Mar	9	9	0.00%
Apr	8	9.5	18.75%
May	8	0	-100.00%
Jun	8	0	-100.00%
Jul	8	0	-100.00%
Aug	8	0	-100.00%
Sep	8	0	-100.00%
Oct	9	0	-100.00%
Nov	10	0	-100.00%
Dec	10	0	-100.00%
Exchange Rate	1 peso	Local currency/US \$	1

Table 8. Orange Supply and Distribution

PSD Table						
Country:						
Commodity:	Oranges					
		1997		1998		1999
	Old	New	Old	New	Old	New
Market Year Begin		01/1996		01/1997		01/1998
Area Planted	56722	56722	0	56274	0	56276
Area Harvested	53860	53860	0	46576	0	46576
Bearing Trees	14273	14273	0	9698	0	9698
Non-Bearing Trees	2862	2862	0	12575	0	12575
TOTAL No. Of Trees	17135	17135	0	22273	0	22273
Production	700	841	0	921	0	780
Imports	2	2	0	6	0	6
TOTAL SUPPLY	702	843	0	927	0	786
Exports	90	102	0	93	0	90
Fresh Dom. Consumption	482	611	0	638	0	566
Processing	130	130	0	196	0	130
TOTAL DISTRIBUTION	702	843	0	927	0	786

Table 9. Concentrated Orange Juice Supply and Distribution

PSD Table						
Country:				65	Degrees Brix	
Commodity:						
		1997		1998		1999
	Old	New	Old	New	Old	New
Market Year Begin		01/1996		01/1997		01/1998
Deliv. To Processors	130	130000	0	196000	0	130000
Beginning Stocks	186	186	186	200	0	400
Production	10000	10000	0	15300	0	10000
Imports	8000	2510	0	5721	0	8000
TOTAL SUPPLY	18186	12696	186	21221	0	18400
Exports	1900	2000	0	2800		2000
Domestic Consumption	16100	10496	0	18021	0	16000
Ending Stocks	186	200	0	400	0	400
TOTAL DISTRIBUTION	18186	12696	186	21221	0	18400

Table 10. Fresh Orange Exports

Export Trade Matrix			
Country:		Units:	M. Tons
Commodity:	Oranges		
Time period:	C.Y.		
Exports for	1997		1998
U.S.	0	U.S.	0
Others		Others	
Netherlands	49095	Netherlands	45450
Russia	17044	Russia	10994
U.K.	14814	U.K.	13159
Spain	11868	Spain	13083
France	3,708	France	3900
Canada	1838	Canada	2300
Turkey	657	British Poss.	836
Bolivia	632	Bolivia	800
Portugal	590	Portugal	238
Poland	454	Poland	1936
Total for Others	100700		92696
Others not listed	880		51
Grand Total	101580		92747

Table 11. Fresh Orange Imports

Import Trade Matrix			
Country:	??	Units:	M. Tons
Commodity:	??		
Time period:	C.Y.		
Imports for	0		1998
U.S.	0	U.S.	0
Others		Others	
Spain	1,105	Spain	2,904
Mexico	483	Mexico	1,179
Uruguay	455	Uruguay	275
Nueva Palmira	144	Brazil	1
Israel	323	Israel	1,362
Total for Others	2510		5721
Others not listed	0		0
Grand Total	2510		5721

Table 12. Fresh Orange FOB Prices

Prices Table					
Country:					
Commodity:	Oranges				
Year:					
Prices in (currency)	US\$	per (uom)	boxes		
Year	1998	1999	% Change		
Jan	0	0	ERR		
Feb	0	0	ERR		
Mar	0	0	ERR		
Apr	0	0	ERR		
May	0	0	ERR		

Jun	9	0	-100.0%		
Jul	9	0	-100.0%		
Aug	9	0	-100.0%		
Sep	9	0	-100.0%		
Oct	9	0	-100.0%		
Nov	9.5	0	-100.0%		
Dec	10	0	-100.0%		

Table 13. Tangerines Supply and Distribution

PSD Table						
Country:	Argentina					
Commodity:	Fresh Tangerines					
		1997		1998		1999
	Old	New	Old	New	Old	New
Market Year Begin		01/1996		01/1997		01/1998
Area Planted	33613	33613	0	33257	0	33257
Area Harvested	31936	31936	0	25401	0	25401
Bearing Trees	12774	12774	0	8128	0	8128
Non-Bearing Trees	1681	1681	0	7856	0	7856
TOTAL No. Of Trees	14455	14455	0	15984	0	15984
Production	360	409	0	387	0	340
Imports	0	1	0	1	0	0
TOTAL SUPPLY	360	410	0	388	0	340
Exports	37	38	0	41	0	30
Fresh Dom. Consumption	293	312	0	295	0	280
Processing	30	60	0	52	0	30
TOTAL DISTRIBUTION	360	410	0	388	0	340

Table 14. Fresh Tangerine Exports

Export Trade Matrix			
Country:	Argentina	Units:	M. Tons
Commodity:	Fresh Tangerines		
Time period:			
Exports for	1997		1998
U.S.		U.S.	
Others		Others	
Netherlands	20,535	Netherlands	20,926
U.K.	8,021	U.K.	6,831
Canada	2,934	Canada	3,613
Philippines	1,483	Poland	3,021
British Territ.	1,106	British Territ.	2,368
Russia	926	Russia	2,668
S. Arabia	824	Philippines	504
Indonesia	598	S. Arabia	474
Singapore	382	Singapore	415
Portugal	373	A. Emirates	321
Total for Others	37182		41141
Others not listed	1,261		18
Grand Total	38443		41159

Table 15. Fresh Tangerine Imports

Import Trade Matrix			
Country:	Argentina	Units:	M. Tons
Commodity:	Fresh Tangerines		
Time period:			
Imports for	1997		1998
U.S.		U.S.	
Others		Others	
Uruguay	498	Uruguay	268
Spain	227	Spain	136
Israel	28	Israel	93
Total for Others	753		497
Others not listed			
Grand Total	753		497

Table 16. Fresh Tangerine FOB Prices

Prices Table					
Country:	Argentina				
Commodity:	Fresh Tangerines				
Year:					
Prices in (currency)	US\$	per (uom)	boxes		
Year	1998	1999	% Change		
Jan	6	6	0.0%		
Feb	6	6	0.0%		
Mar	6	6	0.0%		
Apr	8	8	0.0%		
May	8	0	-100.0%		
Jun	8	0	-100.0%		
Jul	8	0	-100.0%		
Aug	8	0	-100.0%		
Sep	8	0	-100.0%		
Oct	6	0	-100.0%		
Nov	6	0	-100.0%		
Dec	6	0	-100.0%		

Table 17. Fresh Grapefruit Supply and Distribution

PSD Table						
Country:	Argentina					
Commodity:	Fresh Grapefruit					
		1997		1998		1999
	Old	New	Old	New	Old	New
Market Year Begin		01/1996		01/1997		01/1998
Area Planted	11702	11702	0	12679	0	12679
Area Harvested	11000	10290	0	10748	0	10748
Bearing Trees	2420	1412	0	2687	0	2687
Non-Bearing Trees	702	2058	0	1931	0	1931
TOTAL No. Of Trees	3122	3470	0	4610	0	4610
Production	200	229	0	188	0	210
Imports	8	6	0	8	0	8
TOTAL SUPPLY	208	235	0	196	0	218
Exports	30	28	0	28	0	30
Fresh Dom. Consumption	153	167	0	132	0	148
Processing	25	40	0	36	0	40
TOTAL DISTRIBUTION	208	235	0	196	0	218

Table 18. Fresh Grapefruit Exports

Export Trade Matrix			
Country:	Argentina	Units:	M. Tons
Commodity:	Fresh Grapefruit		
Time period:	C.Y.		
Exports for	1997		1998
U.S.	0	U.S.	0
Others		Others	
Netherlands	15,231	Netherlands	14,049
France	7,229	France	7,265
U.K.	3,254	U.K.	2,594
Belgium	1920	Belgium	2,105
Italy	447	Italy	791
Russia	279	Russia	674
Greece	227	Eslovenia	76
British Territ.	118	Singapore	65
Poland	94	Poland	223
Spain	384	Spain	109
Total for Others	29183		27951
Others not listed	1,154		184
Grand Total	30337		28135

Table 19. Fresh Grapefruit Imports

Import Trade Matrix			
Country:	Argentina	Units:	M. Tons
Commodity:	Fresh Grapefruit		
Time period:	C.Y.		
Imports for	1997		1998
U.S.	64	U.S.	40
Others		Others	
Spain	1,930	Spain	823
Uruguay	1,864	Uruguay	1,098
Cuba	1,104	Cuba	0
Nueva Palmira	210	Mexico	85
Israel	673	Israel	5,544
Italy	63	Chile	22
Total for Others	5844		7572
Others not listed	0		0
Grand Total	5908		7612

Table 20. Fresh Grapefruit FOB Prices

Prices Table					
Country:	Argentina				
Commodity:	Fresh Grapefruit				
Year:					
Prices in (currency)	US\$	per (uom)	boxes		
Year	1998	1999	% Change		
Jan	4	4	0.0%		
Feb	4	4	0.0%		
Mar	4	4	0.0%		
Apr	4	4	0.0%		
May	7.5	0	-100.0%		
Jun	7.5	0	-100.0%		
Jul	7.5	0	-100.0%		
Aug	7.5	0	-100.0%		
Sep	7.5	0	-100.0%		
Oct	4	0	-100.0%		
Nov	4	0	-100.0%		
Dec	4	0	-100.0%		

SECTION III. Narrative on Supply and Demand, Policy & Marketing

Policy

Fresh Citrus trade within Mercosur is duty free, but there is a 4 percent import tax and a 0.5 percent statistical tax for citrus juices. Export rebates which are meant to give back taxes paid during the different stages prior to export, are 5.4 percent for fresh citrus and 8.1 percent for citrus juices.

Marketing

The Buenos Aires Wholesale Market is a public interstate entity assigned to marketing fruits and other products. It is the place for commercial trade and distribution not only of the majority of local products, but also of some others coming from Mercosur (Uruguay, Brazil, Paraguay) as well as Chile, or any other foreign country. The majority of fruit producers bring the fruit from the producing areas by truck to the Wholesale Market without price. At the Wholesale Market the price is agreed between the wholesaler and the retailer, depending on supply and demand. However, some of the hyper-supermarkets buy directly from producers.

Stocks

Stocks of CLJ are currently very high but are expected to decline significantly over the next few months. Some concentrated lemon juice companies that have a high stocks are likely to ship part of them to foreign markets such as Rotterdam for storage because the cost of cold chambers in Argentina is very expensive. When there is an interested buyer for the CLJ stock, they call the Argentine owner, fix a price and make the sale. Another factor is the lack of refrigerated containers in Argentina. The maritime companies usually take the containers to Brazil or the United States where they receive better returns.